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Time and Path Dependencies in Foreign Acquisition Behaviours

The History of Danish Takeovers Abroad 1888 to 1993

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Introduction

Is the present investment behaviour of firms acquiring other firms abroad an outcome of an historic tradition and the time period in which the take-over started? As Barney (1986a) points out is the strategies of the firm and abilities to fulfil those strategies the result of a historic developing, beginning with the foundation of the firm and the unique personalities of its founder(s), and the specific circumstances of its subsequent growth. Therefore, some path dependencies are predictable, where firms continuously follow a specific track in their foreign direct investment behaviour. Organisational investment routines occur and alternative entry modes are not reconsidered (Nelson & Winter, 1982; Duhaime & Schwenk, 1985), especially if the first foreign acquisition turns out to be successful, this investment mode evolves to be the dominant logic in the firm's internationalisation process (Prahalad & Bettis, 1986; Côte, Langley & Pasquero, 1999). However, one aspect is acquisitions versus other entry modes, another is the underlying strategies and motives behind the investment mode. The purpose of this paper is to illustrate time and path dependent acquisition motives in the case of Danish industrial firms acquiring foreign firms in the period 1888 to 1993. To give one introductory example, Rentokil, an English subsidiary to Sophus Berendsen acquired more than 100 foreign firms in an attempt to reach a 20% annual increase in turnover. This firm started its international commitment through acquisitions in a period where the growth of the firm was the dominating strategy, and subsequently Rentokil stayed within this track. Other firms are able to break this time-related path dependency and follow the prevailing motive of the next time period. Therefore, another assumption discussed is that different acquisition motives link up to different time periods. To give an example, international acquisitions at the beginning of the 20th century were often an outcome of an attempt to avoid tariffs. Today many firms follow a competence-oriented strategy.

Time Clusters of Firms

The intention of this paper is to describe the Danish acquisitions that took place abroad in the period from 1888 to 1993. The purpose is to categorise different time periods through a description of the prevalent acquisition motive. Each period links up to selected cases of important Danish acquirers. It is important for the reader to note that no official statistic or other empirical study or registration of Danish acquisitions abroad exists for the period up till

1983¹. The intention is not to give a complete presentation of the acquisitions but to the best of my knowledge at least up till 1972 this paper includes all acquisitions that have taken place. In the period 1973-1983 only the most important acquisitions are maintained.

Establishing that point in time where the first acquisition took place for a particular firm is important because this firm is likely to hook on to this strategy and use it for decades. Further, there is apparently a relationship between the time period of the first foreign acquisition made by the company, and the extension of acquisitions made in the late 1990s. The most acquiring firms of today start their investment in specific time periods, which still flavours their investment behaviour both in relation to motive and the numbers and sizes of targets taken over. Initially it is therefore advantageous to divide the acquiring firms into different categories of acquisition behaviour thereby establishing different time periods with common characteristics. As an example there is a group of firms that can be seen as the pioneers. These firms were the initiators who started the whole process, but today they no longer exist or make acquisitions abroad. In this group of very old international acquirers one finds “Otto Mønsted”, (1888)², “Busch” (ultimo 1880s), “AS Sodafabrikerne” (1897), “Faxe Kalkbrud”(1905), “M.J. Ballins Sønner”(1907) and “J. Moresco A/S” (1909).

The next group of firms with uniform investment behaviour is the sporadic acquirers, characterised by long inactive investment periods. These firms typically make their first international acquisition at the beginning of the 20th century or in the interwar period. The firms shift from one period of heavy investments followed by a period where no acquisitions take place. This differentiates from a “normal” or “steady-evolutionary” internationalisation process of the other Danish acquiring firms where continuing acquisitions take place following the first take-over³. Icopal is one example hereof, making its first acquisition abroad in 1918, then two take-overs in 1962 and 1966, and subsequently investment periods are 1973-1980 and 1985-1990. Aarhus Olie Fabrik’s acquisitions are of similar character. The foreign take-overs take place in 1902, 1932, 1974, 1984 and 1988. Finally, ØK is to be placed

¹ Estrup’s (1988) survey includes data from 1983-1987. The consultancy firm KPMG starts to collect data from 1994. Konkurrencestyrelsen (The Danish Competition Authority) starts to collect data in 1998, but the first complete work relates to the year of 1999.

² The year in the paragraph indicates the time for the first international acquisition.

³ This fluctuating growth behaviour is often referred as the Penrose effect after its originators Edith Penrose’ (1959) substantial contribution within the description of the growth of the firm. Here fast growing firms in one period tend to experience slower growth rate in the next is often due to managerial constraints. In small firms, expansion depends on “overtime” spurts of activity, and have to be fully completed, here a full integration of the acquired company, before managerial resources are free to make new plans of investments. Looking from the outside, this gives a periodically investment flow, despite the fact that looking from the inside, acquisition matters are treated continually.

in the group with investments in 1904, 1936, 1949-50, 1960-1970, 1977 and 1986-1993. F. L. Smidth⁴, Chr. Hansen and Superfos partly relate to this group making their first acquisition in respectively 1918, 1920 and 1928. None of these firms make acquisition before the mid-1980s where they all start to make regular acquisitions.

The next group represents some of the most acquiring Danish firms of today. These firms make their initial international acquisition before 1980, a period during which foreign acquisitions by Danish firms was the exception rather than the norm. Further, this group of firms also make regular acquisitions from their first international take-over. The firms in this group are the A.P. Møller group (1973) Danfoss (1959), Danisco (1961), ISS (1968), Rockwool (1960s), Sophus Berendsen (1957) and DFDS (1975).

The last group of firms makes their first investment abroad such as GN Store Nord in the 1980s, and those firms that are able to break the path dependent investment behaviour like Danfoss and Icopal.

The Macroeconomic Background

The above-mentioned chain of events indicates a foreign investment sequence with a few pioneering firms acquiring in the period from the late 1880s up till the beginning of World War I, followed by a period of very low investment activity until the end of the 1950s. A few “pioneering” firms again dominate the post-war period. Foreign acquisitions become a common investment mode from the middle of the 1980s. The reason for this development might be found in macroeconomic and political factors.

The period from 1880s to the beginning of World War I was a very initiative era with the establishment of most of those firms that still dominate Danish industry within, e.g., construction and shipping. Some of those firms were “born global⁵” because of an immediate establishment on foreign markets. A few examples are Christian Hansen, Otto Mønsted, F.L. Smidth and Aarhus Olie Fabrik. World War I effectively stopped the promising internationalisation process, and Danish firms instead concentrated their activities on the

⁴ F.L. Smidth acquired one factory in Luton in England shortly after World War I with the purpose of avoiding tariffs (Johansen, 1986; Boje, 1997). The next acquisition takes place in 1984 with the sub-units “KH Beton” take-over of Tri-County Concrete Corp. in the US (Estrup, 1988; Jensen et al, 1989).

⁵ For a description of this concept see Harveston, Kedia & Davis (2000) or Majkgård & Sharma (1999)

home market. For most of the firms it was simply a matter of survival, and even in the period between the two world wars, there were seldom resources for making international commitments. The main reason was the global economic slump following the breakdown on Wall Street in 1929 and the subsequent crises in the period after the Second World War. This period only offered a few economic incentives for establishing subsidiaries abroad, and most of the dominant players in Danish industry were out of the internationalisation game for more than 40 years. Despite that fact, firms like, Lego, Grundfos, Danfoss and Novo Nordisk developed their core products in this period. From the end of the 1950s improved terms of trade as a result of decreasing prices on raw materials, increased the export rate tremendously, but that fact did not lead to any worth-mentioning commitment through foreign acquisitions or establishment of production-subsidiaries. Only green field establishments of sales subsidiaries abroad seem to be the common strategy, keeping production and R&D activities at home. This might seem a bit peculiar, especially in the light of heavy growth in the economy through the 1960s. One reason for this low investment rate could be a dominating nationalistic mentality that also manifests itself in the political system. One indicator is the half-hearted participation in the political and economical movements that resulted in the EEC. The close relation to the English market of agricultural products was an essential factor in the decision of not joining the EEC in 1957, but instead to participate in the European Free Trade Association and endeavour to establish a Nordic market too through Nordec. When Denmark finally voted to join the EEC in 1973, a decision that could have opened up for an international investment wave, a new economic depression soon followed because of the oil-crises in the 1970s.

In a way Danish firms were, except for a few pioneers, not ready to making foreign acquisitions before the mid 1980s. Important for the increased investments from the 1980s were improved national economic conditions, the introduction of a fixed currency politic that followed the devaluation-policy of the 1970s and finally a wide liberalisation of cross-border currency exchanges, and the upcoming internal market of 1992⁶. At the same time, the importance of being internationalised was now a widespread trend compared to previous periods, where only the very large or progressive firms committed themselves internationally.

⁶ For a more detailed run through of the Danish economic history in this period see Christensen (1999) and Christoffersen (1999).

The Pioneers

To return to the starting point of the story, the first international acquisitions taking place often seem to depend on charismatic individuals. The stories of the first acquisitions are therefore also the story of the more colourful personalities of Danish industry. A very important person is Otto Mønsted, one of the great pioneers in the establishment of Danish industry. In the middle of the 19th century he started his career as a merchant and shopkeeper but soon he went into the production of butter. Later he was the first to develop and improve the quality of margarine and set up production in large scale. The firm was internationalised early through exports of margarine to England. Powerful Danish butter producers reacted on this new competitive threat by enforcing a law through the government forbidding the export of margarine. In a counter offensive Mønsted started production in England and in 1888 he acquired a margarine factory in Godley near Manchester in the UK⁷.

England was at that time a high growth market for margarine. English margarine factories covered less than 50 % of the demand and Mønsted saw the chance to exploit market opportunities through his new investment. After the establishment in Godley there were dense connections between the Danish headquarters and the subsidiary manifested in transfers both ways concerning experience with the product quality, technology and new ways to cool down the margarine. From a Danish view, the story of the first foreign acquisition ends, when Maypole, one of England's largest chain stores, and with tight personal relations to Mønsted, acquired the factory in 1902.

The East European and especially the Russian markets were also growing fast, and Otto Mønsted decided to establish a new factory in 1913, Alima, in Warsaw. Further, he acquired a little Finnish dairy named Aktiebolaget Fennia Majeri Oakeyhtiö. The motivation was the opportunities in a growing market where the permission for local production was new. This created a situation without major competitors and Finland could be a platform to the promising Russian market. However, this acquisition was never a success, and problems in production and sales resulted in the sale of the company in 1915. In 1913 Mønsted also participated in an acquisition of a coconut plantation, the Simpang Estate, in Malaysia. The motive is unclear; it could be a support to the friend Frederik Lausen, the manager of Aarhus

⁷ Probably a former margarine factory, but at least with machines and a reputation in the local market.

Olie Fabrik, who produced the idea. Another motive could be an exploitation of financial support from Maypole. The third explanation could be access to raw materials, but Mønsted had had this access through the market for many years. The activity of foreign acquisitions ends with the death of Otto Mønsted in 1916 (Strandskov, Sørensen & Pedersen, 1998).

The range of Otto Mønsted's activities also included Aarhus Olie Fabrik. As stated earlier, the investment behaviour of this firm is of a sporadic character, but the story of this firm provides insight into the fact that the motivation of making acquisitions changes over time for a particular firm. Aarhus Palmekærnefabrik Limiteret was established in 1871 with production of palm oil for use in the fabrication of feeding stuff. The oil was exported to Russia for lamp oil in churches and for soap production. In 1872 Aarhus Palmekærnefabrik was reconstructed into Aarhus Olie Fabrik with Otto Mønsted as an initial main shareholder

In 1902 the firm had a considerable export of coconut oil to Germany. This market was growing and the firm wanted to utilise its market leader position by establishing local production. Furthermore, a raise in the tariff rate was likely. Finally, a French competitor was established in Hamburg. These factors caused the acquisition of an old palm seed factory. The subsequent founding of Oelwerke Teutonia gave the Danish corporation the full ownership. The strategy was to produce coconut- and peanut oil to the local market, but the German firm was depending on technology and “business experience” transfers from its Danish headquarters. The German firm was liquidated in 1928.

To get better access to raw materials, a merchant station was established in Ceylon in 1907, under the name Ceylon Trading Company (CTC). Through the years CTC acquired several companies, ending up as a conglomerate including shipping, goods control, hotels, and export of tea, gum, wood coal and spices.

Oil refining production was established by the acquisition of a refinery in 1932 in Morocco, named SIHAM (Société Industrielle des Huiles au Maroc S:A.). It started as a tenancy, but converted into a shareholding company. One reason for acquisition was very high tariffs on refined oil. This establishment was a follow-up to the activities in Morocco that had been going on since 1920.

In 1974 the English company Frank Fontannaz Holdings Ltd was acquired. The company had been a major raw material supplier for several years. Aarhus Oliefabrik played a role in the establishment of the firm in 1932, and through the years there were close connections between the two firms. Frank Fontannaz had for several years been a merchant agent for the buying of raw materials in West Africa. Further, he established the firm Reimler & Miney in Hamburg in 1921, where Oelwerke Teutonia was among the shareholders. Therefore he also purchased raw materials for Teutonia (Kraks, 1940; Humlum, 1943; Lausen, 1943; Johansen, 1986; Bernhard, 1988; Kragelund, 1996; Standskov, Sørensen & Pedersen, 1998). Among the newest acquisitions are the increase in shares from 20% to 60% in Anglia Oils in the UK in 1984 (Estrup, 1988), and a refinery acquired from Procter & Gamble in 1988⁸.

Another example of the effect of a charismatic manager is Max Ballin in M. J. Balllins Sønner. Max Ballin was the third generation of the firm, established in 1828, but was actually adopted from a poor Jewish trader in Hamburg. This event turned out to be of decisive importance. As a young man Max Balling was sent abroad to study foreign tanneries. He went home with new technological and organisational insight, and soon after his introduction to the firm at the age of 25, he implemented laboratory research with network connections to foreign chemists, based on personal contacts from his stay abroad. This resulted in a heavy growth in production, and several sales channels were bought or established in Copenhagen. The next goal was to establish a tannery in Sweden. This led to the acquisition in 1897 of a leather factory near Malmö named Kjöflinge Läderfabrik. Avoiding tariffs was important, but gaining a monopoly position in Denmark and Sweden was an additional essential motive, and to fulfil that purpose, Danish and Swedish shoe- and tanneries were acquired. In 1907 he acquired a leather factory in Wilster in Holstein and named it Vachelederwerke Ballin (Kraks, 1940; Johansen, 1986; Pedersen, 1988; Nordlund, 1989).

Acquisitions in this period are primarily an outcome of individual decisions, taken by persons with political or economical power. One final example is Valdemar Hansen who in 1881 becomes the owner of Svendborg Eddikefabrikker (vinegar-factory), in 1914 appointed as the vice-consul of Sweden, and Svendborg Eddikefabrikker acquired AB Druvans Ättiksfabrik

⁸ Berlingske Tidende 4.11. 1988.

in Gothenburg in Sweden in 1927. The motive was to avoid tariffs. The story also shows that the lifetime of the acquisitions also depends on its originator. Similar to the case of Otto Mønsted, the production in Sweden is closed down shortly after Valdemar Hansens death in 1932 (Kraks, 1940; Nordlund, 1989).

A few more acquisitions happen in the period before World War I, but often the factual data is characterised by great uncertainty. According to Nordlund (1989), unnamed Danish firms acquired firms in Sweden, respectively Rosdala Glasbruk (glass manufacturing) in 1899 and Törefors Savværk (sawmill) no year given but the motive was apparently access to raw materials and manufactured wood. Finally, two tile works were acquired in 1911 and 1913, and the motives were to fulfil a growing Danish demand and minimising competition. Busch, an article of wood firm acquired a sawmill in Sweden as early as the end of the 1880s, apparently one of the first acquisitions abroad, but here there is no information of the firm acquired, except that the acquirer's motive was profit-oriented combined with the need to gain access to raw materials. The acquisition of sawmills seem to be a trendy investment and also Glaser, an article of wood exporting firm, acquired some sawmills, but again there is no indication of acquisition year or name of the targets. To complete this analysis it can be mentioned that Glud & Marstrand that produces metal packaging acquired the Swedish Aktiebolaget Bleckvarefabriken in 1910 with the purpose of utilising production synergies (Glud & Marstrand, 1995), and the manufacturer of cloth J. Moresco A/S probably acquired a Norwegian firm in 1909 (Stonehill, 1965). Another example is ØK's acquisition in 1904 of a plantation, Mount Austin in Singapore, with the purpose of gaining access to raw materials, again with the economic and political important person, here H. N. Andersen as the initiator⁹.

Among the first acquisitions abroad are two take-overs in Sweden in 1897 made by AS Sodafabrikerne (soda works). The firm was the result of a restructuring of the Danish industry, and the merged firm possessed from the beginning substantial export markets in Sweden and Norway. However, an increasing demand and corresponding competition necessitated a direct investment already in 1897 through the acquisition of a factory in Landskrona and established together with partners from the Swedish sugar industry the firm AB Svenska Sodafabrikerna. Through this company another soda works in Malmö was

⁹ The information is again insufficient. There is no evidence whether it was a take-over of an on-going organisation with employees etc., or just an acquisition of a piece of land with trees (Pedersen, 1986).

acquired. Both factories were sold in 1918 to a Swedish group due to reduced production during World War I (Vigen, 1921; Nordlund, 1989).

As an ending to characterise this enterprising period the acquisitions of Faxø Kalkbrud (limestone quarry) are important. The activities of those first multinational Danish firms seem to be very modern in their structures, as e.g., the knowledge transfers between corporate units in the case of Otto Mønsted, or the use of a scientific network in the case of M. J. Ballin Sønnner, to follow a born global strategy as AS Sodafabrikerne, or as in the case of Faxø Kalk the formation of an international joint venture. A/S Faxø Kalkbrud started in 1883 by C. F. Tietgen and already in 1889 they made a joint venture with Swedish Förenade Kalkbrottan in Malmö, through a jointed agency in Copenhagen. This agency managed most of the export of lime to Scandinavia, Germany and Russia. The motive was to avoid competition between the two firms. The joint venture ended in 1922.

Together with Linhamns Kalkbrud, Faxø Kalkbrud acquired limestone quarries on Gothland in 1901, and since 1907 they had a very large part of the shares in Gotlands Kalkværk. Faxø Kalk also acquired Tall Kalkleje in 1906. The reason behind the investment was an increase in the cellulose-industry around the turn of the century, and limestone quarries therefore opened in Gothland, and increased the competition in the Baltic area. Another reason was politically motivated. In 1901 Gotlands förenade Kalkbrotts Försäljnings Aktiebolag in Stockholm was established and made contract with the Danish/Swedish agency up to 1908. An extension of this contract was not expected, and the companies started to acquire to strength positions. However in 1907 the shareholder company Gotlands Kalkverk was established, with Faxø Kalk holding 25 % of shares, and Förenade Kalkbrottan holding 25 % (Clemmensen, 1934; Humlum, 1943).

To summarise the period until 1914, forward-looking owners or managers that at the same time “introduced” or used strategies that foretold common business activity of the 20th century often carry out the few foreign acquisitions taking place. At the same time the motivation behind those first acquisitions was often due to the classical explanations of making foreign direct investment, such as the utilisation of location-specific advantages, here

the access to raw materials, which by their character are specific to a certain location (Dunning, 1988) or to avoid the effect of political national market protection regimes.

The Sporadic Acquirers

The interwar period is dominated by a few isolated foreign acquisitions. These are solitary in their structure because there is no indications of any ongoing strategy of the acquiring firm such as follow up take-overs within a few years after the first take-over. Examples of acquisitions are the already mentioned take-overs by F.L. Smidth, Aarhus Oliefabrik and Svendborg Eddikefabrik. Examples of other acquisitions are De Danske Imprægneringsanstalter A/S, established in 1896 and producer of impregnated pylons made of spruce that in 1928 acquired the Swedish company AB Törefors Sågvärk to secure the supply of raw materials. The commitment was short, and activities stop in 1934 (Kraks, 1940). In 1930 the AS Forenede Papirfabrikker¹⁰ (paper-industry) acquired the Swedish firm Sulfit AB Göta also with the purpose of getting access to raw materials (Nordlund, 1989). Finally the liquorice factory AS Lagerman Junior¹¹ acquired Malmö Lakrits Fabrik AB in Sweden (Samuelsson, 1977).

The characteristics of the above-mentioned firms are the singularity in using foreign acquisitions as an entry mode. In contrast, other firms made their first acquisitions in that period, but subsequently they chose to increase their foreign commitment. However, for all three firms the acquisitions are isolated, and the following internationalisation is taking place through green field establishments up to the 1960s in the case of Icopal and 1980s concerning Superfos and Chr. Hansen A/S.

In 1928 Superfos acquired AB Matak, a Swedish chemical producer. The motive was to increase performance of the target by transferring more efficient production methods from the acquiring headquarters to the new corporate subsidiary (Humlum, 1943, Samuelsson, 1977). Here the firm followed a differential efficiency strategy with the purpose of driving up the level of efficiency to the level of the acquiring firm (Weston, Chung & Hoag, 1990) by changing administrative procedures (Penrose, 1959), start up new learning processes (Nooteboom, 1999) or simply by replacing inefficient management (Manne, 1965). An

¹⁰ The firm is today called Papyrus A/S.

interesting aspect is the disposal of the firm in the mid 1980s, and the “re-acquisition” of the firm in 1997 through Chematex, a firm acquired by Superfos in 1994.

Chr. Hansen acquired two former agents in the interwar period, ETS Boll in France in 1920 and Axel Bergmark & Co. AB in Sweden that was partly acquired in 1938 and fully acquired in 1959. The two acquisitions have historical importance, because they are probably the first take-over of foreign sales activities from a former foreign sales-agent through an acquisition, where the former relations between acquirer and target again play a role in the take-over process. Shortly after its establishment in 1874 the Danish firm set up a subsidiary in US, mainly to get access to fresh calf-stomachs, necessary in the production of rennet because at that time means of transportation only offered the opportunity to keep the raw materials in a fresh condition over short distances (Strandskov, 1994). At the same time the firm used local sales agents often based on personal relations, like the French agent Etablissement Boll S.A (Kraks, 1940). The First World War stopped the sales activities in France. Chr. Hansen wanted to resume activities, and combined with a need for a generational change in the target, the agent was acquired (Hansen, 1949).

The acquisitions of Chr. Hansen in this period are often an outcome of a dyadic relationship with the target, where personal relations between the actors are of substantial importance (Hallén, Johanson & Seyed-Mohammed, 1991). However, the case shows the existence of long lasting relationships between independent actors transformed into a hierarchical solution. In theory, if the relationship is well functioning there is no need for alterations. Networks are in general stable because of high establishment cost and therefore also high switching cost (Johanson & Mattsson, 1988; Forsgren et al, 1995), and only dramatic events changes relationships (Granovetter, 1985; Halinen, Salmi & Havila, 1999), in this case a world war.

The acquisition of Fjeldhammer Bruk in 1918 in Norway by Icopal (at that time named Jens Villadsens Fabrikker, a roofing felt producer) is also an important historic event, because it is one of the earliest examples of a subsidiary that has fastened on the acquiring corporation. Today, Fjeldhammer Bruk is one of the most important sub-units in the Icopal Corporation. Fjeldhammer Bruk was established in 1895, but in 1918 they had reached a weak market

¹¹ In 1997 acquired by Malacoleaf

position and financial problems, and subsequently extensive rationalisations and transfers of technology from the acquiring headquarters were necessary. This improved profits, and the firm soon turned out to be the most important of its kind in Scandinavia (Kraks, 1940; Stonehill, 1965; Nordlund, 1989; Gammelgaard, 1992).

The Market Seekers

The period from World War Two up to 1980 is still dominated by a few firms, though more firms now use acquisitions as an entry mode to foreign markets. Further, it is in this period that the acquisitions leaders of the 1990s start their foreign commitments. However, this period also include firms making isolated acquisitions. For the record, the following firms can be mentioned: H+H industri, (at that time named Henriksen & Kähler) acquisition of the British company Celcon Limited in 1958, Where the acquiring firm also follows the differentiated efficiency-based motive by improving the acquired firm through technology transfers (Greens, 2000). Kemisk Værk (Chemicals) take-over of BT Kemi AB in Sweden in 1971 (Samuelsson, 1977), Nordisk Fjer (textiles) market-motivated take-over in 1970 of German Hanseatische Bettfedernfabrik Gert Otten & Co. (Bernhard, 1988), Paul Bergsøe & Søn (car equipment) acquisition in 1970 of Swedish PB produkter (Samuelsson, 1977). Schur International (packaging) acquisition of the Dutch company Joka Plast in 1962, a direct outcome of Denmark's participation in EFTA, because customers in the Netherlands demanded national produced products (Bernhard, 1988). One example of an acquisition of a former alliance partner is Grindstedværket's (Ingredients) take-over of the German firm Dr. A. Schaeffer in 1967 (Als & Kruse, 1994). Finally, Icopal continues to acquire firms in the nearby markets of Norway, Sweden and Germany (Bernhard, 1988).

The most important Danish acquirers in the 1990s, measured by the number of firms taken over, start their foreign investments in this period. The first of them, ISS – International Service System started its activities within security in 1901, and cleaning in 1934. Greenfield establishments are made in Sweden in 1943, Norway 1952, Germany 1965 and Switzerland 1967. The first three foreign acquisitions take place in 1968 with the takeovers of a Dutch company, Commercial Cleaning in the UK and Marischka in Austria (Jepsen, 1994; Boelsgaard, 1995). From that point the Danish corporation follows an intensive growth strategy with the acquisition of more than 100 firms, ending up in 1998 with 138.000

corporate employees. This development is mainly attributable to the CEO since 1962, Paul Andreassen, so charismatic individuals are again of decisive importance. Through the whole period ISS mainly follows a market and growth-oriented strategy combined with improving efficiency in the acquired firms. Some of the more important acquisitions¹² are the takeovers in 1978 of the American firm Prudential Building Maintenance with 9.000 employees and a turnover of 600 Mio. \$, in 1988 the American ADT's North American Maintenance Division with 26.000 employees and a turnover of 1.330 Billion DKr. and next in 1990 Electrolux's cleaning division with 14.000 employees and a turnover of 1.8 Billion DKr, at a price of 750 Mio. DKr. The ASAB-group, Sweden's most important cleaning service company with 8.000 employees and a turnover of 1.2 Billion SEK. was acquired in 1991 and finally the acquisition of the National Cleaning Group in the US in 1993, a company with 50.000 employees and a turnover of 490 Mio. \$. The price was 585 Mio. DKr.¹³.

ISS follows a typically market oriented strategy, where the growth of the firm is ensured through acquisitions. The rationale of this intensive acquisition policy is to become large, because firm size is the key to competitive advantage (Starbuck, 1965) where market control, either locally through high market shares or globally through representation in all markets is seen as the essential parameter of success. In fact most surveys, testing the relative importance of the different merger and acquisition motives, show that growth in market shares or market dominance is the most important motive of them all (Newbould, 1970; Baker, Miller & Ramspergert, 1981; Lindgren, 1982; Hunt et al, 1987; Suverkrup & Hauschildt, 1990; Davis, Shore & Thompson, 1993; Norburn & Schoenberg, 1994; Chakrabarti, Hauschildt & Süverkrüp, 1994).

One argument given for the popularity of this motive is the opportunity to avoid the slowdown in home market that maturity brings (Vernon, 1966; Marris & Mueller, 1980; Hopkins, 1987), especially when established in a small home-market like Denmark. Further, when comparing to green field establishments, in competitive markets with no extra capacity for new firms, acquisitions is the only entry mode that does not cause intensified competition (Gort; 1969; Wernerfelt, 1984; Gilbert & Newberry, 1992). Another reason is the gain of

¹² To mention all the acquisitions will carry things too far. Boelsgaard (1995) and Estrup (1988) provide an overview.

¹³ For further information on these acquisitions see Annual Report (1993) (1997), Berlingske Tidende 8.12.1988, 12.12.1990, 3.6.1993. Mandag Morgen, Vol. 24 (1996).

monopoly rent gained by eliminating competitors (Seth, 1990; Sørensen, 1996). However, anti-trust legislation is often a hindrance to such activity

The other main acquirer in the 1990s, Sophus Berendsen, also pursues a growth-oriented acquisition strategy that at first sight seems quite similar to ISS. Both firms start their foreign acquisitions in the post-war period and accelerate their investments especially in the late 1980s and in the 1990s. However, the historical development of the two firms is quite different, just the fact alone that most of the acquisitions are taking place through a foreign subsidiary is quite unique to Sophus Berendsen compared to the other Danish main-acquirers. Contrary to ISS, which has kept its activities within the service sector since the establishment, Sophus Berendsen moved through quite different business areas. The firm started in 1854 as a trading company of steel-, iron and glass element for building construction, an activity that was liquidated in 1980. In 1904 the firm starts a production of rat poison through the subsidiary A/S Baktæreologisk Laboratorium Ratin. Important in this context is the green field establishment of The British Ratin Company Ltd. in 1927. During World War II the whole production of rat poison was moved to England, and the 1950s represent a heavy growth period through establishments of subsidiaries and acquisitions of firms within related areas. The most important acquisition in the history of Sophus Berendsen, and one of the most important in the history of Danish acquisitions as well, was the take-over of Rentokil in 1957. Again the Danish corporation decides to break its path, primarily due to the fact that new methods are used in the combating of pests. Rentokil's business area was at that time wood preservation, and the unit replaced Ratin as the English head office though keeping pest control as an activity. Rentokil diversifies itself through acquisitions into areas such as security and hire of plants to offices. Simultaneously the Danish headquarters, also through foreign acquisitions, diversifies into activities such as textiles, pneumatics and hydraulics. In the period 1985-1993 Rentokil acquired 100 foreign firms and Sophus Berendsen 37 foreign firms¹⁴. In this period Hans Werdelin, another initiating manager of Danish industry, manages the corporation. Because of the diversified acquisitions Sophus Berendsen together with Rentokil represent the conglomerate way of thought, a strategy followed by especially American multinational corporations in the same period with the purpose of reducing the risk of being in a high fluctuating industry (Gort, 1966; Weston & Mansinghka, 1971; Pitts, 1976).

¹⁴ Annual Reports from 1985-1993.

However, the diversification strategy is atypical to Danish internationalisation acquisition activities due to the fact that these really takes off in the mid 1980s, which is also the time the conglomerate strategy is replaced by the competence-oriented strategy, whereas the take-over are mainly within existing business areas¹⁵.

Further, two other firms make several acquisitions in the early post-war period. The first one is ØK, the East Asiatic Company, established in 1897 with activities within shipping and trade with the colonies. In the first part of the 20th century the company was the international flagship of Denmark. To support its activities, ØK acquired plantations in the first part of the century, and later two forestry companies, Thasis Company Ltd., in Canada in 1949 and R. T. Briscoe Ltd., in Nigeria in 1950. In 1949 they also acquired a former sales agent, The Old East African Trading Co., in Nigeria. From 1960 ØK acquired more production-oriented firms like a soap factory in South Africa, Robal Textiles Pty. Ltd, in Australia and Oelmühle Hamburg AG in Germany both in 1965 and Nel's Rust Bacon Factory in South Africa in 1966 (Østasiatisk Kompagni, 1957; 1969; Pedersen, 1986; Højbo, 1993)¹⁶. The take-over of Nel's was an outcome of an acquisition in 1965 of Plumrose, a huge Danish sausage producer and wholesaler of meat. In 1970 ØK acquires the German meat factory Böklund. Again, the development and acquisition strategy is unique. Note here the exotic geographical character of the acquisitions whereas the focus within primary industries are more normal for the period.

More related to the overall market-seeking strategy are the acquisitions made by Danfoss, a producer of ventilation and cooling systems, pumps and compressors, established in 1933 by Mads Clausen. During the period 1959-1981 Danfoss acquired former sales agents in Germany (Stempel-Hermetik in 1959), Norway (1969), Sweden (Kontroll-Automats Fabriks Aktiebolag in 1974), the UK (Dean & Wood Ltd. in 1979) and the Netherlands (ITHOO B.V. in 1981) (Bernhard, 1988; Iversen, 2000). Beyond the prior relationship to the target, market growth was the dominating motive. One example is the Swedish agent, established during World War II by Svend Hoffmann, a personal friend of Mads Clausen. For around 30 years the firm was both a licensee producer and sales agent to Danfoss (Boje & Johansen, 1994).

¹⁵ Sophus Berendsens home page and annual reports supplies more information about the company's history. For more details concerning the early history see Rostock (1929)

¹⁶ For further information about the company's history see Lange (1986) (1988)

To complete the record, the first acquisitions are also made by firms that today are among the leaders of the field, but with a more slack beginning of making foreign investments through acquisitions. Examples are Rockwool's (insulating) production-oriented take-overs in Sweden in the 1960s and of B.V. Nederlanse Steenwolfabriek in the Netherlands in 1971 (Bernhard, 1988). Carl Aller A/S (publishing) acquisition of a Swedish publisher Askild och Kärnekull Förlag AB in 1972 (Samuelsson, 1977), a strategy that continues through the 1980s and then end (SPK, 1989). The A.P. Møller group (shipping) makes its first international acquisition through the subsidiary Dansk Industri Syndikat (established as a weapons producer but today only producing machine equipment) take-over of a Swedish firm Uddeholms Støberiaktiviteter in 1973. In another subsidiary Rosti (plastics) acquisitions of a Dutch company Mepal Service BV in 1976, growth seems to be the motive (Ellemose, 1996). Codan Gummi A/S (Rubber) also follows a market-oriented strategy through the take-over of the former sales agent UK firm Heston Rubber Products in 1978, and market and previous relations is important factors in the take-over of three Swedish firms during the 1980s and the acquisitions of a former licensee, Nadoc Holdings Inc. in Canada in 1986 (Bernhard, 1988; Estrup 1988). Next, DFDS (transport), a subsidiary in the J. Lauritzen corporation starts its foreign acquisitions with the take-over of E. O. Hook in 1975, and continuing its foreign commitments through the 1980s, often with the purpose of entering new or extending markets, e.g., the take-over of the Dutch company LFS BV with 42 employees and Branford Seacargo LTD in UK with 115 employees, both in 1988¹⁷. Finally, Icopal continues its sporadic investments with two take-overs in Norway 1962-1966 and 1977-1989, and two acquisitions in respectively Sweden and Germany in 1973 (Bernhard, 1988).

A general tendency for this period is the access to new markets, or better control of existing market channels outside the boundaries of the firm. The internationalisation process of the Danish acquirers seemingly develops through stepwise and incremental commitments at the international markets as described by Johanson and Vahlne (1977). Often the firms have gained years of experience through sales agents before they start acquiring firms, and often, personal relations play a role of importance. Further, those firms are not directly enforced by institutional changes like tariffs etc.; the acquisitions are now derived from firm-specific intentions of rapid growth.

¹⁷ Homepage, Berlingske Tidende 25.8.1988.

The Internationalist

The motive of gaining access to new production units increases in importance during the 1980s and 1990s, and the market motive keeps its importance simultaneously. The former motive of gaining access to raw materials disappears in this period. Low cost production becomes an investment strategy in some industries, especially in the transitions economies of the former Eastern Europe. Further, the number of acquisitions seems to “explode” since the 1980s, and this presentation will only mention a few important take-overs.

The international strategy, described in Bartlett & Ghoshal’s (1989) typology of international business strategies, fits in a modified form to the strategy followed in the 1980s by many Danish firms making international acquisitions. One purpose is to establish production abroad but the headquarters keep a tight control of the strategy. However, the company allows the subsidiaries, to a certain degree, to develop own marketing and distribution strategies and to customize products, if the subsidiary does not face high cost pressures from local as well as global competitors.

One example of a firm following a product-oriented strategy is the A.P Møller group that starts its investments through a range of subsidiaries firmly anchored in different industries. Rosti (plastics) adds several new products to its portfolio through the acquisition of four German firms in the period 1986-1990. Through the acquisition of Kunstoffwerk Draak GmbH with 100 employees and a turnover of 100 Mio DKr., it was possible to start production of plastic bottles abroad. Another subsidiary of the A.P. Møller group, Roulunds Fabriker (originally started in 1736 as a ropework, now a producer of rubber products and equipment to the car industry) went for complementary products so they could present the full range of products to its customers. These acquisitions take place in Europe, an example is the take-over in 1992 of the French brake producer Fren-J S.A. with 115 employees and a turnover of 115 Mio. DKr. A third subsidiary Pharma Plast International (medical equipment – today Maersk Medical) acquired three UK firms in 1989¹⁸.

¹⁸ For further details see Jyllands Posten 4.3.1997 and 29.5.1998, Estrup (1988), Venture News 6/92 and especially Ellemose (1996).

F. L. Smidth made some heavy investments during the 1980s in the UK and the US. A large diesel engine producer, Anglo Nordic Holdings was acquired in 1985. The firm had 1400 employees and a turnover of 800 Mio. DKr. The acquisition of an aircraft maintenance company, Lovaux in the UK in 1988 was also seen as access to complementary products. Most important is the acquisition/merger with the American Fuller Corporation, the Danish firm's main competitor in the concrete machine industry. The two firms formed F.L.Smidth Fuller Engineering and made subsequent acquisitions during the 1990s. At the time of take-over the Fuller Corporation had an annual turnover of 200 Mio. US\$ and was acquired for 490 Mio. DKr. F.L. Smidth also acquired other production companies through RM Industrial Group (metal products). In 1992 this subsidiary acquired three perforation firms located in Austria and France and Prestara AG with 290 employees in the former Eastern Germany. Through Nyborg Plast (plastic) two French plastic firms, Sivallac and SMS were acquired. The two firms have a turnover of 500 Mio. DKr. and 400 employees¹⁹.

Danfoss made a shift in its acquisition strategy with the take-over in 1982 of the production company Hampton Products Co. Inc. in the US. The access to production rights and complementary technologies were important parameters. The access to complementary technology was also essential in the acquisition of Flowmetering Instruments Ltd. with 30 employees in the UK 1984. The corporation continues with one to two acquisitions per year in a mix of market and product expansion motive. To the latter Randall Electronics Ltd. in the UK in 1991 and Socla S.A. in France 1992 are worth mentioning²⁰.

Finally, in 1981 Grindstedværket acquired 49 % of the shares, and the rest in 1983, of the Mexican pectin producer Pectina de México. In 1983 the French alginic acid producer Sobalg, Société Bretonne des Algues et Colloïdes, S.A was taken over as well. By these acquisitions the Danish producer got an insight in producing and application technologies of the acquired ingredients. Further, both targets were located near the specific raw materials necessary for the production of the specific ingredients (Als & Kruse, 1994).

¹⁹ For further details see Bernhard (1988), Estrup (1988), Jensen et al (1989), Groes (1990), Berlingske Tidende, 3.7.1987, 16.1.1988, 17.12.1988, 8.6.1988, 9.9.1988, 8.12.1989, 13.3.1990, Børsen 20.2.1997, Venture News 4/92, 6/97, 7/92.

²⁰ For further details see Bernhard (1988), Estrup (1988), Boje & Johanson (1995), Iversen (2000), KPMG (1996). Berlingske Tidende 8.1.1988, Venture News 8/92.

The four above-mentioned corporations were all examples of product-oriented acquisitions, sometimes mixed with the access to alternative production technologies and show an internationalisation strategy that is representative for the period. The reason for gaining new products through acquisitions is sometimes a reaction to buyer-power (Porter, 1990), where customers demand complete services and product ranges. Such customers want a wider product assortment provided through the same supplier, and firms therefore make acquisition because it provides direct access to complementary products.

The market motive dominates the period, but is still carried out by companies like ISS and Sophus Berendsen/Rentokil. A survey of Jensen et al (1989) also shows that the access to market shares are dominating, with 55% of the responses, followed by production, which covered 39% of the cases. The survey builds on the database by Estrup (1988) and includes 31 acquisitions in the period 1983-1987. New firms start their international acquisitions following a pure market oriented strategy. One example is Danske Træløst (A wholesaler of wood and construction materials) that acquired the Swedish company Beijer Byggmaterial AB for 500 Mio. DKr. Included in the take-over were 37 timber merchants²¹.

Since its establishment in 1970 through the merger of seven dairies, MD Foods²² has had a steady growth through acquisitions and subsequent rationalisations of Danish dairies. MD Foods penetrates the English market through a heavy investment in the acquisition of Great Britain's fifth largest dairy Associated Fresh Food with a turnover of 2 Billion DKr. The purpose was access to market and distributions channels. This take-over was soon followed up by the acquisition of Cooperative Retail Services with 2300 employees and a turnover of 1.5 billion DKr²³.

Through acquisitions some firms try to reach a market leader or at least an oligopoly position. One example is Skandinavisk Holdings acquisition of the Arenson Group Plc (office furniture), a British firm with 400 employees and a turnover of 300 Mio. DKr. To become a European market leader was the dominating motive. This acquisition in 1988 was followed up by the take-over of another furniture producer in the Netherlands in 1989, Gipsen + Stall

²¹ Jyllands Posten 19.9.1994, Berlingske Tidende 23.1.1995, Annual Report (1994)

²² Initially named Mejeriselskabet Danmark. Today the name is Arla Foods after the take-over/merger of the Swedish firm Arla in 1999.

²³ Hansen (1997), Venture News 6/92, Mandag Morgen No. 14. 1994.

Meubel with 400 employees and a turnover of 250 Mio. DKr.²⁴. Chr. Hansen followed the same goal in 1992 when acquiring a Spanish medicine producer Alergia e Inmunologia Abello S.A. with 220 employees and a turnover of 200 Mio. DKr.²⁵. The market leader perspective was also behind ISS' s take-over of National Cleaning Group with its 50.000 employees. Finally, the motive behind the S. Dyrup & Co. (paints) acquisition of the French company Xylochimie was also to become a market leader²⁶.

Despite the fact that the number of foreign acquisitions exploded in the 1980s, only two acquisitions stand out in the full blaze of the media. The top story was the outrageous circumstances concerning the take-over and the role played by charismatic managers and initiators. Superfos' acquisition of the American fertilizer factory, Royster in 1984, at that time the largest investment abroad made by a Danish company and Nordisk Fjers' takeover in 1988 of the American textiles producer Chatham Manufacturing Company with 2.300 employees and a turnover of 570 Mio. DKr, both represented flagships in the Danish industry's penetration of the American market, but both investments lead to tremendous losses for the acquiring firms. The focus was turned to the two managers Jørgen Trygved in Superfos and Johannes Petersen in Nordisk Fjer, who both imposed their will on a passive board (Rasmussen, 1988; Dørge & Langer, 1991). A popular theoretical perspective at that time, in the explanation the phenomenon of mergers and acquisitions, was the empire-building theory. According to this perspective managers act for own benefits, instead of the owners (Seth, 1990), because managing large firms means a higher wage (Penrose, 1959; Mueller, 1969, Norton, 1993; Achampong & Zemedkun, 1995), and prestige (Ravenscraft & Scherer, 1987). Other non-profitable acquisitions are made because they may secure the manager's corporate position (Jensen & Meckling, 1976; Amihud & Lev, 1981; Shleifer & Vishny, 1989; Högholm, 1994). The existence of free cash flow (excess resources) is also an incentive to make more risky take-overs (Jensen, 1986; Chatterjee & Wernerfelt, 1991; Harford, 1999), which seems to be the case in the acquisition made by Superfos. In both cases the managers preferred huge growth of their firm and chose to overlook basic bad figures or poor perspectives of the acquired firm. In a way, these two cases again tell the story of how powerful individuals has decisive impact on a firm's activities. However, there is

²⁴ Bernhard (1988), Groes (1990), Berlingske Tidende 1.7.1988, 4.6.1989.

²⁵ Strandskov (1994), Venture News 6/92, Annual Report 91/92, 92/93.

²⁶ Homepage.

a clear distinction between the pioneers who typically own the firm and the situation of hired managers who are responsible to the boards.

The two take-overs are atypical for the period, but they anticipated the fact that most of the first major international acquisitions end up in failure. Mandag Morgen (1996) concludes in a survey that 6 out of 10 large acquisitions ended with disappointing results, due to poor previous preparations, no consequence in strategy and a subsequent inadequately integration. This was a surprising conclusion, knowing that the firms have acquired abroad successfully, like ISS, for several years. However, as stated earlier, path-dependent behaviour and routines apparently emerge in firms, and using the same integration strategy without taking into consideration the largeness of the acquired firm, could derive considerable problems.

In general this period indicates a shift in focus from the market to the product as the primary driver of acquisition in some of the firms. A firm like Danfoss breaks its path in acquisition behaviour and acquires production-oriented firms instead of pure market channels. In contrast firms like ISS keeps within the same track. The focus of product gives a more natural link to the innovative resources, like technology, behind those products, and this period can therefore be seen as a bridge to the upcoming competence seeking acquirers.

The Competence Seekers

A new theoretical approach, the resource-based view, emerges in the 1980s. Based on Penrose's (1959) concept of heterogeneous resources and specific ways of managing those, Wernerfelt (1984) stresses a new motive of mergers and acquisitions by shifting the focus away from the *outcome* of the resources (like a market share) to the *resources* of the firm. In this concept acquisitions provide access to competences defined as unique resources (Prahalad & Hamel, 1990; Minshal & Garnsey, 1999; Eisenhardt & Martin, 2000) that otherwise would be impossible to trade through the market (Wernerfelt, 1989; Kogut & Zander, 1992; Capron, 1999) or not possible or costly to imitate (Barney, 1986; 1991; Dierickx & Cool, 1989; Kogut & Zander, 1992; Teece, Pisano & Shuen, 1997, Loasby, 1998). When possessing a competence the firm is able to reach a sustained competitive position in the market (Prahalad & Hamel, 1990).

Seemingly this kind of acquisition arises in the mid 1980s beginning with the acquisition made by Radiometer (Electronic weighs & measurement). The acquisitions of Malthus Instruments in the UK with 10 employees in 1985, and on a larger scale the take-overs of the Tacussel group in France and Sensititre Ltd in the UK, both firms with around 100 employees and a turnover of 40 Mio. DKr., in 1986 do not directly fit in competence definition, but the access to complementary technology was essential in these take-overs²⁷. Fls Miljø (Environmental engineering) a subsidiary of F. L. Smidth acquired a small American firm AirPol in 1988, to get access to the technology and R&D activities²⁸. Novo Nordisk (pharmaceutical products) acquired in 1988 the US firm ZymoGenetich with 100 employees with the purpose of getting access to its R&D units but also to its relations to local science centres. Subsequently the new subsidiary was given the mandate to further development of its R&D activities²⁹. Later in 1991, Chr. Hansen acquired a German producer of culture of bacteria to the meat industry, Rudolph Müller & Co. GmbH with a turnover of 45 Mio. DKr. This firm is a world leader within its specialised business areas, which usually indicates a competence position³⁰. Another important acquisition was GN Store Nords take-over in 1992 of the UK firm Comtext International Ltd., with 88 employers and a turnover of 140 Mio. DKr. The firm that operates in the telefax industry had at the time of the take-over developed a new technology ready for introduction in 1993³¹. Important is the fact that Comtext, still located in England, become the headquarters within the field of fax, telex and e-mail services in the GN corporation. Finally, Icopals acquisition of the French firm Siplast with a turnover of 1 Billion DKr. was characteristic for the competence-based acquisitions. At the time of take-over the French firm possessed a specific knowledge within the roofing felt industry (Gammelgaard, 1992; Mandag Morgen, 1996).

Time and Path Dependencies

Each period seems to create new acquisition motives and behaviours. Four motives seem to be dominating though the periods. The first is the classical foreign direct investment explanation such as access to raw materials, to avoid tariffs etc., then the market or growth perspective, where the control over market channels and growth itself are in focus. The set-up

²⁷ Annual Report (1985) (1986), Estrup (1988), Jensen et al (1989)

²⁸ Bernhard (1988), Berlingske Tidende 17.2.1988, 8.6.1988.

²⁹ Eriksen & Foss (1995), Berlingske Tidende 13.5.1988, 3.8.1988. Despite the fact that Novo Nordisk is one of the largest and most internationalised firms in Denmark, the firm has chosen not to use acquisitions in their establishments on foreign markets.

³⁰ Annual Report (90/91), Strandkov (1994)

³¹ Venture News 6/92.

of foreign production units, but still centrally advised and controlled is the next step in the internationalisation profile. The final and newest perspective is the acquisition of competences that brings the unique resources of the target in focus. The four stages are seen as an evolutionary process in figure 1.

Insert figure 1 around here

The horizontal arrows show the time period in which the perspective is prevailing. The motive may exist outside the given period but is then of lower importance. The foreign direct investment perspective is dominating from the late 19th century but seems to die out at the end of the 1970s. The three other perspectives all exist to day. The spots show the time where initiators made important acquisitions to fulfil that certain perspective such as Otto Mønsted in 1888, Sophus Berendsen in 1957, Danfoss in 1982 and Icopal in 1989. The horizontal arrows also illustrate the path-dependencies, where a firm follows the same goal through a long or the whole period, such as ISS following a market strategy since its first acquisitions. The vertical arrows show the shifts some firms make in their strategies, such as Danfoss who jump from market-based take-overs of former agents to the acquisition of production-oriented firms. Firms following the competence perspective therefore start out their internationalisation process in that manner, or again make break their paths like Icopal.

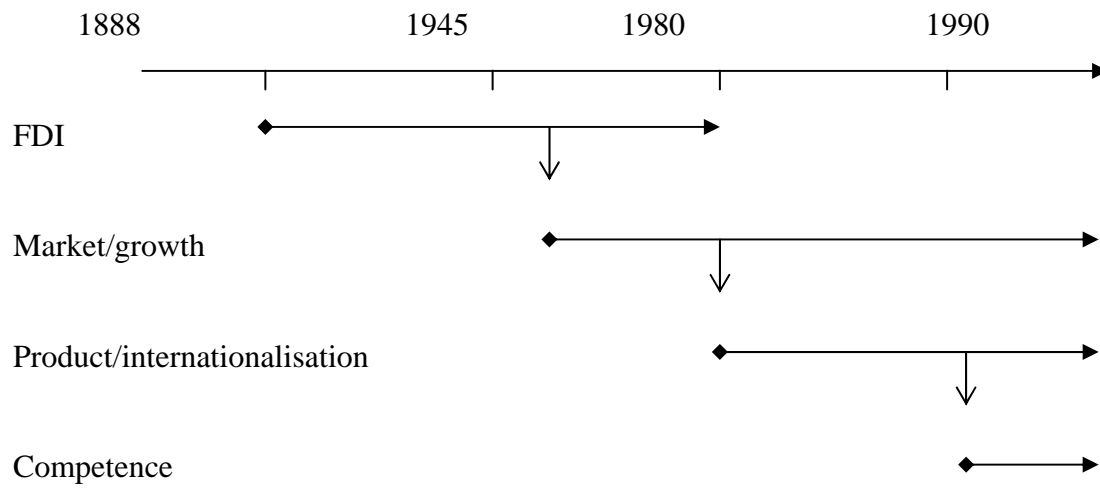
Concluding Remarks

Obviously firms follow the trend when setting up their strategies. Around the beginning of the 20th century cost reduction strategies was at a premium. In the post war period conglomerate building was popular, today firms go for a competence-based strategy. In this light it is interesting that acquisitions have been used to fulfil all those different purposes. One can therefore put forward the hypothesis that the acquisition motive is time dependent. Further, firm build up routines, which apparently cause sluggishness in the organisational decision system. Therefore firms starting out with growth-oriented international acquisitions keep within this track for decades. However, sometimes a “jump” is made from one “track” to

another trendier strategic “track” that then lasts for decades. The typical Danish acquisition made abroad is therefore both time- and path dependent in its basic structure.

Figure 1: The development of four acquisition perspectives

Perspective/Time period



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